

SENATE BILL REPORT

SB 5146

As Reported By Senate Committee On:
Transportation, February 12, 2007

Title: An act relating to the imposition of motor vehicle excise taxes by regional transit authorities.

Brief Description: Regarding the imposition of motor vehicle excise taxes by regional transit authorities.

Sponsors: Senators Haugen, Swecker and Kauffman.

Brief History:

Committee Activity: Transportation: 2/07/07, 2/12/07 [DP, DNP, w/oRec].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Murray, Vice Chair; Swecker, Ranking Minority Member; Berkey, Eide, Jacobsen, Kastama, Kauffman, Kilmer, Pflug, Sheldon and Spanel.

Minority Report: Do not pass.

Signed by Senators Benton, Delvin and Holmquist.

Minority Report: That it be referred without recommendation.

Signed by Senator Clements.

Staff: Kelly Simpson (786-7403)

Background: The King, Pierce and Snohomish County Councils voted in 1993 to establish the Central Puget Sound Regional Transit Authority (now known as Sound Transit). Sound Transit is vested with high capacity transportation system development authority in the three county area, including the imposition of voter-approved taxes for development and operation of such transportation systems. In 1996, voters in the urban areas of King, Pierce, and Snohomish counties approved a plan and authorized funding to provide high capacity transportation services for the central Puget Sound region. The 1996 package included, among other revenue measures, a 0.3 percent motor vehicle excise tax (MVET) within the Sound Transit boundaries. Sound Transit subsequently issued bonds backed by revenue generated from those taxes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

On November 5, 2002, statewide voters approved Initiative 776 that, among other things, repealed Sound Transit's MVET authority. However, on December 7, 2006, the Washington Supreme Court issued a ruling holding that I-776 unconstitutionally impaired Sound Transit's existing bond agreements, and upheld Sound Transit's authority to continue to impose the MVET "for so long as the bonds remain outstanding" (*Pierce County v. State*, 148 P.3d 1002 (2006)).

Summary of Bill: Sound Transit may continue to impose its MVET only so long as it is contractually obligated to impose the tax, but may not impose the tax after the last scheduled bond payment is due on existing bonds. Additionally, Sound Transit may not pledge its MVET towards the payment of bonds that obligate it to impose the MVET after the last scheduled bond payment is due on existing bonds.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: None.

Persons Testifying: No one.